

Per Capita Personal Income and Median Household Income: King County Compared to the United States

OUTCOME: INCREASE INCOME AND REDUCE POVERTY

Countywide Planning Policy Rationale

"Jurisdictions should cooperatively create an environment which sustains the economic vitality of the region.... An important component...is ...the maintenance and creation of higher (family) wage jobs." (CPP IX, Intro., FW-35) "Jurisdictions' comprehensive plans shall address the historic disparity in income and employment opportunities for minorities, women, and economically disadvantage individuals." (CPP ED-12)

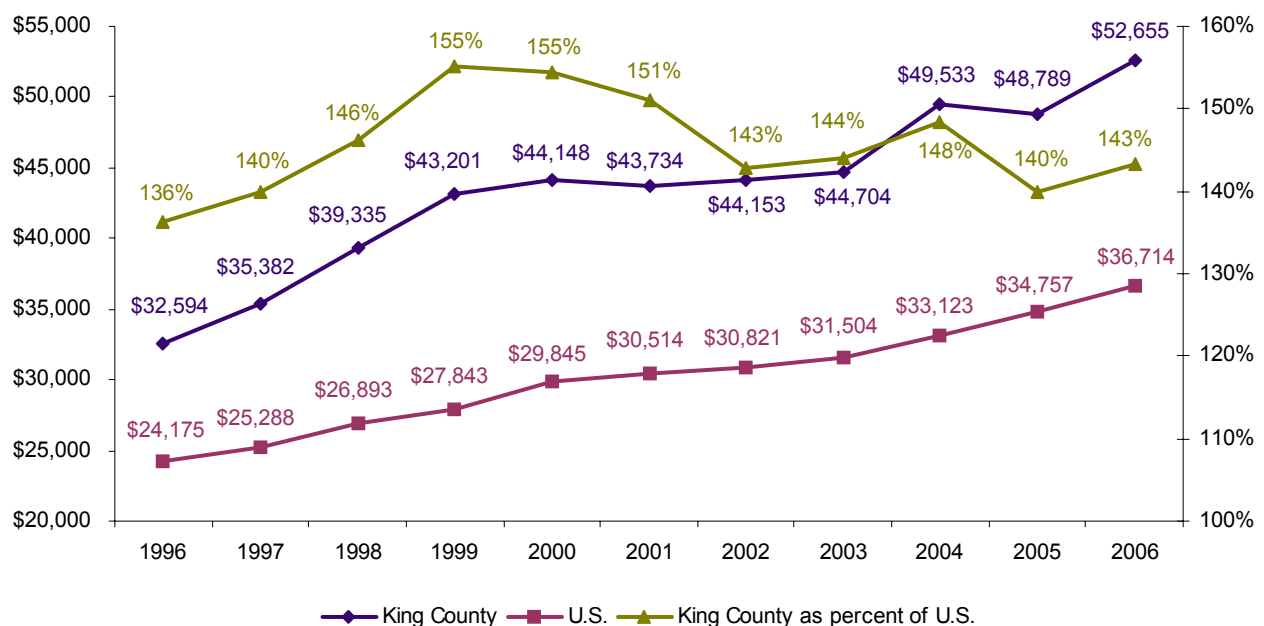
Per Capita Personal Income. Personal income includes several sources of income: net earnings, dividends, interest, rent and personal current transfer receipts. In 2006, net earnings accounted for 71% of total personal income (TPI) for the residents of King County; dividends, interest and rent accounted for 21% of TPI; and personal current transfer receipts accounted for the remaining 8% of TPI.

Among Washington State's 39 counties, King County's per capita personal income (PCPI) of \$52,655 was the state's highest in 2006. The county's PCPI also exceeded the national average of \$36,714, ranking 47th among the nation's 3,100 counties.

Since 1996, per capita personal income in King County has averaged an annual increase of almost 5%, compared to the national average of 4.3% annual growth. Much of the county's income growth occurred between 1996 and 2000 when incomes averaged 8% annual growth, compared to less than 5% annual growth nationally. However, just as King County's gains in the 1990's were stronger than those experienced nationally, the effects of the national recession were more acute in King County, where PCPI grew only 1% between 2000 and 2003. Strong gains in dividends, interest and rent increased PCPI over 10% in 2004. As shown in Figure 2.1, King County's PCPI rebounded in 2006, following a slight decrease in PCPI between 2004 and 2005, that was driven by an almost 15% drop in income from dividends, interest and rent.

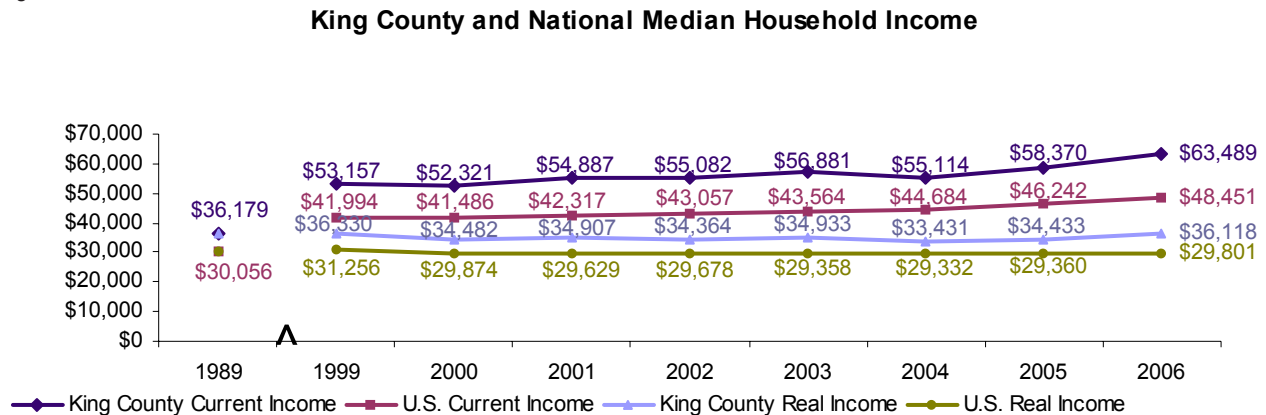
Figure 2.1

King County and National Per Capita Personal Income



source: U.S. Department of Commerce Bureau of Economic Analysis

Figure 2.2

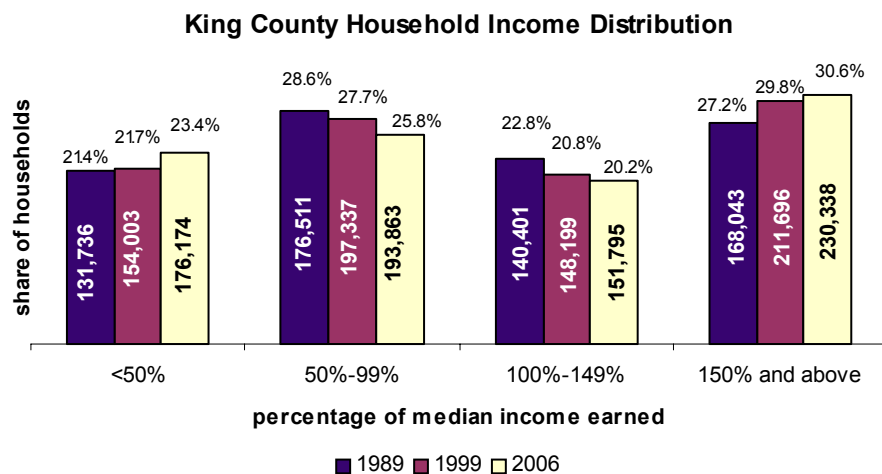


source: U.S. Census Bureau and American Community Survey

Median Household Income. At \$63,500, King County's median household income was more than 30% greater than the national median household income of \$48,500 in 2006. As reported by the US Census Bureau and American Community Survey, King County's median household income averaged less than 4% annual growth from 1989 to 2006. In this same time period, household incomes throughout the United States increased at a lower rate, averaging 2.8% growth per year. As shown in Figure 2.2, incomes nationally and in King County have failed to keep pace with inflation since 1989 and have yet to return to their 1989 levels, despite gains over the last two years.

Figure 2.3 shows the distribution of King County's households by income in 1989, 1999 and 2006. In 2006, 176,000 of the county's households earned less than \$31,745 (one-half of median household income). Another 230,000 households earned more than \$95,234 (150% of median household income). These two income groups accounted for 54% of the county's 752,200 households, with the remaining households earning incomes between 50% and 149% of median income.

Figure 2.3



source: U.S. Census Bureau and American Community Survey

Since 1989, the distribution of households has shown a distinct trend of decreasing "moderate" incomes (those households earning between 50% and 149% of median household income). In 1999, as in 1989, more than one-half of the county's households earned between 50% and 149% of median income. By 2006, only 46% of the county's households were "moderate" income households. The shrinking of the middle class is also seen nationally, though the trend is more pronounced in King County than nationally. King County's growing income disparity appears to be driven by an increase in higher-income earning households, as seen in rising personal incomes and wages in King County.